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FOUR DEFENDANTS PLEAD GUILTY TO CHARGES INVOLVING CONSPIRACY TO COMMIT SECURITIES FRAUD AND ELECTRONIC MAIL FRAUD

WASHINGTON – Four defendants have pleaded guilty to defrauding investors of over \$20 million in stock manipulation schemes involving 15 different publicly traded companies, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney Chuck Rosenberg for the Eastern District of Virginia announced today.

Michael Saquella, a.k.a. Michael Paloma, 47, of Mesa, Ariz., pleaded guilty in Alexandria, Va., on August 20, 2007, for his participation in a stock manipulation scheme known as a “pump-and-dump” scheme. Lawrence J. Kaplan, 63, of Scottsdale, Ariz., pleaded guilty on July 25, 2007, in Alexandria to similar charges. Henry “Hank” J. Zemla, 38, of Harris Township, Mich., also pleaded guilty in federal court in Alexandria on July 20, 2007, for his involvement in this scheme. Saquella is scheduled to be sentenced on Nov. 30, 2007, by U.S. District Judge Leonie M. Brinkema. Kaplan will be sentenced on Feb. 8, 2008, by U.S. District Judge Gerald Bruce Lee. Zemla will be sentenced on Dec. 7, 2007, by U.S. District Judge T.S. Ellis, III.

Saquella pleaded guilty to a criminal information charging him with one count of conspiracy to commit securities fraud and one count of electronic mail fraud involving 15 publicly traded companies including: eDollars, Inc; Trans-Global Holdings, Inc; Latin Heat Entertainment, Inc; Xtreme Technologies, Inc; Courtside Products, Inc; Motion DNA Corp; PokerBook Gaming Corp; TKO Holding Ltd; Body Scan, Corp; Integrity Messenger, Corp; Beverly Hills Film Studios; V3 Global, Inc; IFINIX Corp; Zuma Beach Entertainment; and Cor Equity Holdings. Kaplan pleaded guilty to a criminal information charging him with one count of conspiracy to commit securities fraud involving 14 of these companies, and Zemla pleaded guilty to a criminal information charging him with one count of conspiracy to commit securities fraud involving one of the companies. The plea agreements for all three defendants were unsealed today.

Justin Medlin, 26 of Paris, France, also pleaded guilty in federal court in Alexandria on Aug. 20, 2007, to a criminal information charging him with one count of electronic mail fraud and one count of conspiracy to commit securities fraud and electronic mail fraud involving seven of the companies. Medlin’s plea agreement was unsealed today. He will be sentenced on Nov. 30, 2007, by U.S. District Judge Leonie M. Brinkema.

The maximum penalties for each of the fraud charges is five years in prison and a \$250,000 fine.

In related actions, the U.S. Securities and Exchange Commission (SEC) has filed civil charges against Saquella and Kaplan for their part in the fraudulent schemes to manipulate the price and volume of the companies' securities.

Three other defendants, Steven P. Luscko, Gregory A. Neu, and Brian G. Brunette, have pleaded guilty and have been sentenced in federal court in Alexandria for their roles in related stock manipulation schemes. Luscko and Neu were each sentenced to five years in prison and Brunette was sentenced to one year in prison.

According to the charges to which all of the defendants have pleaded guilty, the stock manipulation schemes employed by the co-conspirators for each of the companies followed a similar pattern. In general, the co-conspirators either solicited the company directly or were introduced to the company by a co-conspirator. In most instances, the companies were small privately-held companies that needed to raise money. A member of the conspiracy would offer to help the particular company raise significant funds through the sale of the company's stock, usually by a method similar to that of a "direct offering" or by conducting a reverse merger of the company into a dormant, but publicly traded shell company. Members of the conspiracy facilitated the process by arranging for the company's shares to be quoted on the Pink Sheets, a price quotation system primarily used for the trading of the securities of small corporations. Through this process the co-conspirators would cause the shares of the company's stock to become free-trading. Members of the conspiracy would then cause the company to give the co-conspirators and/or entities controlled by them, control of the majority, if not all, of the free-trading shares of the stock, often without the company's knowledge.

As part of the "pump," the co-conspirators then engaged in deceptive and manipulative trading practices to boost the price and volume of the company's stock in an effort to entice members of the investing public to invest in the stock. For example, in some instances, members of the conspiracy encouraged investors to purchase companies' stock by giving the investors free-trading shares in return for buying blocks of shares at agreed-upon prices, thereby creating the illusion of trading volume and active investor interest. In other instances, members of the conspiracy bought and sold shares of the companies' stock between and among themselves to give the appearance of investor interest.

The co-conspirators also falsely manipulated the price and volume of each company's stock by making materially false and misleading statements in press releases and in spam emails distributed by Medlin and other spammers to tens of millions of email addresses throughout the United States, in an effort to create artificial demand for the companies' stock. After successfully pumping up the price of each company's stock, the co-conspirators dumped the shares that they controlled into the market for a profit in excess of \$20 million. These shares were purchased by unsuspecting investors, including investors in the Eastern District of Virginia, and were rendered virtually worthless.

To effectuate the spam email campaigns, the co-conspirators hired Medlin and other co-conspirators to distribute the spam email to individuals throughout the United States, including to millions of email accounts registered with American Online (AOL) through AOL's servers located in the Eastern District of Virginia.

The case, which was referred by the NASD, Inc. (also known as Financial Industry Regulatory Authority (FINRA)), was investigated by the Federal Bureau of Investigation and the U.S. Postal Inspection Service, with assistance from the Virginia Securities Division. The case is

being prosecuted by Assistant U.S. Attorneys Patrick Stokes and John Eisinger of Eastern District of Virginia, Acting Deputy Chief Steve Linick and Trial Attorney Suzanne R. Clement of the Fraud Section of the Criminal Division. The NASD and the SEC's Washington D.C. and Los Angeles District Office provided substantial assistance in this case.

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